FY 2015 CRA "B" Workpapers
(Public Version)

I. PREFACE

A. Purpose and Content

USPS-FY15-32, FY 2015 CRA "B" Workpapers, inputs and calculates costs by cost segment, which are used by USPS-FY-15-31, CRA Model, to produce USPS-FY15-2, Cost Segments and Components Report. The workpapers calculate attributable costs by product for 12 of the 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, City Carrier In-Office Activities, City Carrier Street Activities, Rural Carriers, Purchased Transportation, etc. USPS-FY15-32 contains electronic documentation of the spreadsheets and programs used to develop these costs.

B. Predecessor Document

USPS-FY14-32

C. Corresponding Non-Public Document

USPS-FY15-NP14, FY 2015 CRA "B" Workpapers

D. Methodology

The CRA "B" Workpapers documented in USPS-FY15-32 follow the methods applied in the Commission's FY 2014 Annual Compliance Determination (ACD) with the following modifications listed by cost segment

Cost Segment 4

As a result of cost segment 4 being merged with cost segment 3, the CS04 workbook has been removed from the "B" Workpapers. For more information, see Docket No. RM2015-19, Proposal Ten, Order No. 2837, dated November 24, 2015.

Cost Segment 7

The new city carrier letter route street time cost model (Docket No. RM2015-7, Proposal Thirteen) was approved by the Commission with Order No. 2792, dated October 29, 2015. The street time proportions have been updated using FY 2015 Form 3999 data and are shown on tab Input LR New. For more information

about the specific structural changes to the CS06&7 workbook, see USPS-RM2015-7/1, filed with Proposal Thirteen.

A corollary to the adoption of the new letter route street time cost model was to use Delivery Operations Information System (DOIS) data to split office and street time between foot and motorized routes. In workbook CS06&7, the new proportions are shown in tab 7.0.4.3. These proportions are used in cost segments 12.3 and 13.2. Also, in workbook CS06&7, tab 7.0.4.5 is no longer needed in the cost model. For more information, see Docket No. RM2016-3, Proposal Twelve, filed on November 20, 2015.[1]

A correction has been made to include High Density mail as part of the Sequenced (taken directly to the street) distribution key. Previously, the cost model assumed that only Saturation mail could be classified as Sequenced. Sequenced mail has a separate variability. The proportion of Saturation and High Density mail that was sequenced comes from the City Carrier Cost System (CCCS). This change is reflected in the CS06&7 workbook, tab 7.0.10.

The deployment of the Mobile Delivery Devices (MDDs) resulted in removing the ten seconds of carrier time previously assigned for scanning Form 3849 (Sorry We Missed You! We Redeliver for You) for Priority Mail Express pieces with signature waiver. This change is reflected in the CS06&7 workbook, tab Input LR New, cell D53.

Cost Segment 10

A correction has been made so that collected Priority Mail Express is included with the Letters/Flats or Parcels Accepted compensation categories. Previously, collected Priority Mail Express was erroneously included in the Accountables Accepted compensation category.

The time allowance per FSS piece has been increased by 0.1 second to reflect the fifteen seconds credit rural carriers now (starting PQ3 FY 15) receive per FSS tray.

Cost Segment 12

The method of determining the level of attribution for letter route costs in segments 12.1 and 12.2 has been changed. The attribution level now is the same as it is for city carrier letter route street time costs. This resulted in three changes to the CS12 workbook. One, the ratios for cost segments 12.1 and 12.2 on tab 12.0.3 have been removed, as they are no longer needed. Two, components 83 and 92 have been renamed City Delivery Letter Routes. Three,

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[1] The Commission approved Proposal Twelve. See Docket No. RM2016-3, Order No. 2915, December 22, 2015.

components 86 and 95 (formerly City Delivery Network Travel) have been removed. For more information, see Docket No. RM2016-3, Proposal Twelve, filed on November 20, 2015.[2]

In addition, city vehicle costs in segment 12.3 now are split between foot and motorized routes using data from the Delivery Operations Information System (DOIS) rather than the In-Office Cost System (IOCS). In the CS12 workbook, tab Inputs now shows these proportions which link back to the CS06&7 workbook tab 7.0.4.3. For more information see Docket No. RM2016-3, Proposal Twelve filed on November 20, 2015.

Cost Segment 13

Carfare and Driveout costs (cost segment 13.2) now use DOIS data rather than IOCS data to obtain separate office and street proportions for foot and motorized routes. In the CS13 workbook, tab 'Inputs' shows the DOIS proportions which link back to the CS06&7 workbook, tab 7.0.4.3. For more information, see Docket No. RM2016-3, Proposal Twelve, filed on November 20, 2015.[3]

Cost Segment 20

In the CS20 workbook, two corrections have been made to the cost model. One Domestic Indemnities now include Priority Mail Free Insurance. Two, the indemnities now are scaled to match the appropriate accounts from the General Ledger.

A method change has also been applied with the CS20 workbook. Vehicle depreciation costs for letter routes and special purpose routes now are assigned using the same manner as they are in cost segments 12.1 and 12.2. This resulted in five changes to the CS20 workbook. One, tab Inputs no longer has the vehicle ratios that were previously linked to the CS06&7 workbook, tab 7.0.4.5. Two, tab 20.2.1 is no longer used in the cost model. Three, component 223, named City Delivery Special Purpose Route (SPR) has been added to assign SPR vehicle depreciation costs. Four, component 221, formerly dormant, has been reactivated and is now named City Delivery Letter Routes. Five, components 222 and 225 (formerly named City Delivery Activities and City Delivery Network Travel respectively) have been removed. For more information, see Docket No. RM2016-3, Proposal Twelve, filed on November 20, 2015.[4]

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[2] *Id.*
[3] *Id.*
[4] *Id.*

E. Inputs/Outputs

The tables below show the ACR folders that serve as inputs/outputs to/from USPS-FY15-32.

Input ACR Folders

Description	ACR Folder
Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations	USPS-FY15-5
Cost Segment 3 Cost Pools and Other Related Information	USPS-FY15-7
City Carrier Cost System (CCCS) Documentation	USPS-FY15-34
Rural Carrier Cost System (RCCS) Documentation	USPS-FY15-35
Transportation Cost Systems (TRACS) Documentation	USPS-FY15-36
In-Office Cost System (IOCS) Documentation	USPS-FY15-37
2015 Rural Mail Count	USPS-FY15-40

Output ACR Folders

Description	ACR Folder
Standard Mail and Periodicals Destination Entry Cost Model	USPS-FY15-13
Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model	USPS-FY15-16
Delivery Costs by Shape	USPS-FY15-19
FY 2015 Market Dominant NSA Materials	USPS-FY15-30
CRA Model	USPS-FY15-31

II. ORGANIZATION

The USPS-FY15-32 "B" Workpapers consists of twelve Excel workbooks, eleven of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms, exports data to those cost segment workbooks. Data sources are referenced in each spreadsheet.